

THE ECONOMY OF INDO-CHINA

come, this movement would inevitably have been halted. The reserve fund was emptied, and there was a dangerous accumulation of deficits. It was true that Indo-China's contribution to French military expenses—17-40 per cent of the general budget—was exaggerated. The colony had long protested, but it took the depression to force a "gracious gesture" of renunciation from the Metropole. Pasquier achieved stabilization of the piastre, and at the time it met with a universal approval. There were more profound causes than the depression for Indo-China's financial malaise.

The budget has been criticized as being too inelastic, since it depends upon such fluctuating revenues as tariff and indirect taxes for its chief source of income. It had better depend upon more stable elements that would reflect the country's prosperity, like a tax on income or on stock companies. Fluctuations in the exchange were the chief cause of the inflation of budgets, notably during the War, and afterwards the equilibrium was never restored. Expenditures estimated in piastres were almost stationary, whereas those expressed in francs rose very rapidly. Moreover, these expenditures went far more into non-productive projects, like education and social service, than for public works that would have increased the colony's wealth. The result has been that the expenses, hence the burdens upon the taxpayer, have increased far more than the colony's productivity.

Assessment of taxes is unfair not only as between rich and poor* but also between the different countries of the Union. Ccxduii-China, with a population of four out of the colony's twenty millions* furnished 40 per cent of the revenues. When Ccx:hin-Qiina had budgetary autonomy, it did not use its resources to good

advantage, but that
 to be no reason why, for thirty-eight years, it should
 be forced
 to subsidize the other four countries of the Union. The
 Cocfci[^]Giinese
 taxpayer contributes 20 piastres to the fee, as
 opposed to 6 piastres
 for the Tonksaese, 5 for the residents of Aimam, and 8
 for the
 Cambodian. It has been estimated that the
 proportion of the ibadi-
 TOduaTs income absorbed in taxes, both federal and
 local, is 35 per
 cent for the Qxim-Giiaese, 17 per cent for the Tonkinese*
 16 per cent
 in Annam, and 18 per cent in Cambodia*¹ Far too much
 of this heavy
 tax is paid by the population. The public administration, of
 the
 is expensive compared with that of other
 states,
 it is the golden calf to which **ail** taxpayers
 are sacrificed,
 m GochiirChiat* As a partial
 remedy for
 the
 * p., JU